

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

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CIEP-02 LAB-06 SIL-01 OMB-01 PA-04 USIA-15 PRS-01

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 0994

INFO AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY BRUSSELS

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

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DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: HERALD TRIBUNE INTERVIEW WITH SCHMIDT

1. ATTENTION IS DRAWN TO AN INTERVIEW WITH FRG
FINANCE MINISTER SCHMIDT WHICH APPEARED IN TODAY'S
INTERNATIONAL HERALD TRIBUNE.

2. SCHMIDT, AMONG OTHER POINTS, SAID THAT THERE WILL
BE NO INTERNATIONAL MONETARY REFORM IN THE NEAR
FUTURE--NOT IN 1974, 1975 OR PERHAPS EVEN IN 1976. IN
HIS OWN PERSONAL JUDGEMENT, FIXED BUT ADJUSTABLE
PARITIES ARE A BETTER SYSTEM THAN A GENERAL FLOATING
OF CURRENCIES. HE SAID HE WAS "QUITE SURE THAT MY
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FRIENDS VALERY GISCARD D'ESTAING AND GEORGE SHULTZ

WILL THINK ALONG THE SAME LINES."

3. ON GOLD, SCHMIDT SAID THAT "FROM THE POINT OF GERMAN INTEREST, WE DON'T FEEL INCLINED TO DEFREEZE THE OFFICIAL PRICE OF GOLD." SCHMIDT FELT, HOWEVER, THAT THE GERMANS CAN HELP TO SOME DEGREE TO FIND A COMPROMISE BETWEEN THE FRENCH AND AMERICAN POINTS OF VIEW.

4. SCHMIDT SAID IT WOULD HAVE BEEN A VERY GREAT MISTAKE IF THE FRG HAD ADOPTED A POLICY OF PERMITTING THE EXCHANGE RATE OF THE DEUTSCHEMARK TO FALL. HE SAID GERMANY WILL MAINTAIN A VERY HARD CURRENCY ENABLING HER TO SHIELD DOMESTIC PRICES TO SOME DEGREE FROM WORLD-WIDE INFLATION. THE FRG MIGHT ALSO ABOLISH ITS REMAINING CONTROLS ON CAPITAL INFLOWS SHOULD ITS SNAKE PARTNERS AGREE.

5. SCHMIDT ALSO SAID HE WAS MORE CONCERNED ABOUT EMPLOYMENT IN THE FRG THAN THE DOMESTIC RATE OF INFLATION.

HILLENBRAND

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